

Message Text

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FM SECSTATE WASHDC

TO USDEL MTN GENEVA

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FOLLOWING REPEAT MEXICO 7027 ACTION SECSTATE INFO GENEVA CIUDAD JUAREZ

GUADALAJARA HERMOSILLO MATAMOROS MAZATLAN MERIDA MONTERREY NUEVO LAREDO

AND TIJUANA 07 AUG 75

QUOTE

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E.O. 11652: N/A

TAGS: GATT, ETRD, MX

SUBJECT: MEXICAN IMPORT REGIME

REF: A) MEXICO 6950 B) GENEVA 6177 C) GENEVA 6168

1. THOUGH THE DECISION WILL PROBABLY TURN ON FACTORS LARGELY OUTSIDE OF USG CONTROL, THERE IS A POSSIBILITY THAT IN GENEVA AND MEXICO CITY WE MIGHT DISCREETLY HELP GOM SHIFT FROM ITS RESTRICTIVE IMPORT REGIME OF QUOTAS TO PROTECTIVE SYSTEM LARGELY OF IMPORT DUTIES. SUCH A CHANGE IN THE IMPORT REGIME WAS DISCUSSED JULY 31 BY HECTOR HERNANDEZ (DIRECTOR GENERAL ECONOMIC STUDIES, TREASURY) AND ABEL GARRIDO (GOM REP TO MTN) IN CONVERSATION WITH AMBASSADOR DENT (STR), MR. LANDE AND EMBASSY OFFICERS

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(REF A). EMBASSY HAS ALSO HEARD PREVIOUS HINTS OF GOM INTENTIONS

IN THIS DIRECTION.

2. ACCORDING TO HERNANDEZ AND GARRIDO, NEW TARIFF SYSTEM COMMUNICATED GATT (REF B) WAS SET UP AS PRELIMINARY STEP TO DISMANTLE QUOTA SYSTEM OVER NEXT 5 YEARS. GOM SPOKESMEN CAUTIONED THAT THERE IS WIDESPREAD OPPOSITION TO SUCH A MOVE ON PART OF VESTED INTERESTES IN PRIVATE SECTOR, AND THAT CHANGEOVER MUST BE DONE CAREFULLY AND WITHOUT TIPPING GOM HAND BY VOICING SUCH INTENTIONS IN INTERNATIONAL FORUMS.

3. IN REPLY TO QUESTION ABOUT MEXICAN SELLING PRICE AS BASIS FOR CUSTOMS VALUATIONS, HERNANDEZ SAID THIS SUPPLIED NEEDED PROTECTION IN ABSENCE OF ANTI-DUMPING LEGISLATION. HE STATED HOWEVER THAT GOM INTENDED PROVIDE FOR CHANGE IN SYSEM IF IT CAN BE DEMONSTRATED THAT MEXICAN VALUATION IS HIGHER THAN GENUINE INVOICE PRICE. THERE ARE STUDIES ON CONVERTING TO BRUSSELS VALUATION SYSTEM, BUT THIS IS TOO MUCH TO BIT OFF AT PRESENT TIME.

4. COMMENT: WE NOTE CONTRAST BETWEEN APPARENT FORTHCOMING INTENTIONS AS EXPRESSEED BY HERNANDEZ AND GARRIDO IN JULY 3 CONVERSATIONS, AND "HANDS-OFF" ATTITUDE IN MEXICAN REPLY (REF C) TO US NOTIFICATION ON QUANTITATIVE RESTRICTIONS. (EMBASSY ASSUMES L/4210 MENTIONED PARA R REFTEL C ALSO INCLUDES TEXT OF US NOTIFICATION WHICH WE WOULD FIND INTERESTING.)

6. IT MAY BE THAT IN THIS STIFF INITIAL REACTION, GOM PROTECTING ITSELF FROM DOMESTIC CRITICISM AND WOULD PRIVATELY WELCOME CONTINUED PRESSURE IN GATT. OR IT MAY BE THAT GOM PLAYING NOT UNACCUSTOMED GAME OF TELLING US PRIVATELY WHAT WE WANT TO HEAR WHILE TALKING IN OPPOSITE FASION PUBLICLY. ON OTHER HAND, THERE ARE NUMEROUS INDICATIONS THAT GOM BECOMING AWARE THAT OVER-PROTECTION OF PRIVATE VESTED INTERESTS NOT AT ALL IN BEST INTERESTS OF MEXICO. WE BELIEVE IT WELL WORTH A TRY TO DISMANTLE MEXICO'S RESTRICTIVE QUOTA SYSTEM. BRANDIN

UNQUOTE. KISSINGER

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